

January 5th, 2023

The Honorable Martin Glenn  
United States Bankruptcy Court, Southern District of New York  
One Bowling Green  
New York, NY 10004-1408

Re: Celsius Network LLC, et al. ("Celsius"), Case Number 22-10964

Dear Chief Judge Glenn,

I am a small creditor and representing myself so I thank you for taking a moment to read this letter. I would like to outline a few points of concern pertaining to my case (and potentially affecting many other users as well).

I'll briefly list my points here and provide further explanation below.

- 1.) Celsius never differentiated account types when creating a Celsius account (at least not in 2020 and not to Texas residents).
- 2.) Celsius initially offered earn/rewards automatically to all my coins with no need to convert, divide or transfer to an "Earn" account.
- 3.) Celsius never asked me to voluntarily switch, divide or convert my "Custody" account to an "Earn" account.
- 4.) Celsius automatically transferred my coins from my "Custody" account to an "Earn" account without my permission and consent. Conveniently giving Celsius ownership of my assets per their terms of service.
- 5.) Celsius stated, and I quote, "Transferring coins into the Earn Account is only available to Accredited Investors". I am not an accredited investor. I never transferred my coins to an "Earn" Account nor could I have per Celsius' policy.
- 6.) On June 12th, 2022 Celsius forced users to accept new terms of service before allowing users access to their wallets.

Explanations:

I'm a Texas resident and when I first opened my Celsius account on December 8th, 2020 I simply created a Celsius account to buy and hold some crypto. I was not presented with the choice to open an "Earn" account versus any other type of account. When opening an account with a traditional bank, you're usually prompted to open either a checking account (custody account) or a savings account (earn account). This was not the case with Celsius. I was never offered an "Earn" account, nor was it ever referred to that at account creation. (side note: I never ended up buying any crypto using the Celsius platform).

My Celsius wallet remained empty until July 9th, 2021 which is when I first transferred some crypto into my existing Celsius account and was told by Celsius within the Celsius app that I would start earning rewards automatically for simply having crypto in my wallet. No new "rewards/earn" agreement needed to be accepted by me, no conversion of account or transfer to a "rewards/earn" account needed to be made, I was literally told by Celsius, "you don't need to do anything to start earning rewards".

On June 12th, 2022 after Celsius announced paused withdrawals I opened the Celsius app in order to log into my account which is when I was prompted to accept new terms and conditions in order to access my wallet. Celsius forced new terms of service on users desperate to access their accounts with no option to deny accepting the new terms and still log into their accounts.

Once logged in, I quickly noticed the app layout had changed and for the first time I saw my account had been divided into two different account types, "Custody" and "Earn", and all my crypto had been placed in the "Earn" account. I did not transfer my coins to this new "Earn" account nor was I ever asked by Celsius if I wanted all or any of my coins there.

Besides disabling withdrawals from Celsius, Celsius also conveniently disabled transfers between accounts (earn to custody and vice versa) thus preventing users from transferring their coins from "Earn" back to "Custody" if they so wished and/or upon realizing what the new terms of service stated regarding "Earn" accounts.

I also find it interesting that Celsius continued to offer rewards (which they could not afford) on coins in "Earn" accounts even after withdrawals and transfers were paused and Celsius was indeed insolvent. Was this Celsius' way of ensuring users coins stuck in "Earn" accounts would still technically be considered "Earn" coins because they were still actively generating rewards thus still "belonging" to Celsius until Celsius was able to safely file for chapter 11 protections and promptly end issuing rewards immediately after? If Celsius had not done that in the way they did, wouldn't all the coins have reverted back to "Custody" status as soon as they were no longer earning rewards? Shady.

In summary;

In 2021 Celsius initially began issuing earn/rewards to all coins in my account automatically with no need to convert or transfer to an "Earn" account.

In 2022 Celsius forced me to accept new terms of service and divided my "Custody" account into two accounts automatically placing my coins in the "Earn" account without my permission and consent thus conveniently giving Celsius ownership of my assets per their terms of service.

Celsius then pauses withdrawals and transfers between accounts, files for bankruptcy thus locking my coins in an "Earn" account which I never set up nor gave consent to having.

Lastly,

Celsius at one point stated that users could only transfer coins into an "Earn" account if they were an accredited investor, which I am not. I certainly did not transfer them myself nor could I have per Celsius' policy. (I can present a screenshot of this notice if requested)

I sincerely request my Celsius account be considered a "Custody" account, which in fact it originally was. I also hope that Celsius' deceitful and unscrupulous actions regarding the handling of "Earn" accounts be carefully traced back and investigated.

Respectfully submitted,

Godfrey Thomson